

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 2 JUNE 2009

COMMUNITY SCRUTINY REVENUE FINAL ACCOUNTS 2008-09

1. PURPOSE OF REPORT

- 1.1 This report advises Members of the overall financial performance of the Community and Environment Directorate for the 2008-09 financial year ended 31 March 2009.

2. INFORMATION

- 2.1 During the course of the financial year ending 31 March 2009, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 As in previous years a technical adjustment to the accounts for pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges, and the impact is shown for each management unit in the appendix to this report.
- 2.3 As in 2007/08 a further technical adjustment has been made in respect of deferred charges and deferred contributions. In respect of deferred charges, the government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, grants to improve or develop assets owned by others (eg science park contributions and enhancements to the city centre). This expenditure must be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement.
- 2.3.1 Deferred contributions are government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.
- 2.4 In 2008/09 Impairment costs have also been charged to some management units. Each year our Estates Management team are required to assess whether our individual property values have fallen, either because of a particular problem with an asset (known as consumption of economic benefits) or because of a general fall in market values. This year, the global recession has had a significant impact on property values and Exeter has not been immune to this. Therefore some of our properties have dropped significantly in value. Accounting rules require this drop in value in many cases to be charged to the service responsible for the asset. However, the Council is allowed to reverse out the charge below the line to a capital reserve on the Balance Sheet so that there is no impact on the Council Tax.

2.5 The final actual outturn has now been calculated, and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and impairment costs as explained in paragraph 2.5. The total variation for the year shows a surplus of £1,614,698 against the budget, with a final surplus of £1,761,118 after accounting for Revenue Contributions to Capital and transfers to earmarked reserves.

2.6 The main variations by management unit are detailed below:

	£
2008-2009 REVISED ESTIMATE INCLUDING IMPAIRMENT COSTS	17,739,895
81A1 ENVIRONMENTAL PROTECTION	(125,608)

Capital charges in this service were £11,458 less than the estimate, and the FRS 17 recharge was £14,753 less than the estimate (see para 2.3 and 2.4 above).

The vacancy in the litter enforcement team continued following the decision to discontinue the service from 31st March 2009, resulting in a net saving. The remaining grant received from the Department of Health in connection with implementing the smoking ban was used to partly fund this service, reducing the cost further.

Service charges and utility costs in the CCTV Control Room were less than the estimate.

Various savings arose against the estimates for supplies and services in this unit.

A backdated increase in the Supporting People grant was received.

81A2 CLEANSING SERVICES	(343,016)
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Capital charges in this service were £3,396 more than the estimate, and the FRS 17 recharge was £56,284 less than the estimate (see para 2.3 and 2.4 above). The recharge from the Asset Improvement and Maintenance Scheme (AIMS) was £23,877 more than the estimate.

A Local Public Service Agreement in respect of Street Cleansing has resulted in a Performance Reward Grant including a revenue allocation of £122,781.

Utility costs in Public Conveniences were less than the estimate.

The budget for purchasing litter bins was not fully spent; the resulting saving was utilised to fund the cost of additional bins in the Recycling service (81B6 below).

A budget for driver training was not utilised.

Operational outturn (see trading accounts attached):

- Labour costs were reduced throughout the service as a result of efficiencies.
- Income from the Garden Waste service exceeded the estimate
- The new Trade Recycling service generated more income than the estimate, and also contributed to a significant reduction in the cost of disposing of trade waste. These factors combined with other

efficiencies resulted in a higher surplus from the Trade Waste Collection service than the estimate.

81A3 LICENSING, FOOD, HEALTH & SAFETY (136,897)

The FRS 17 recharge to this unit was £3,332 less than the estimate (see para 2.3 above).

Savings have arisen in respect of vacant posts in the unit.

The recharges from Legal Services and Administration Services were less than the estimate, while the recharge from IT services increased as a result of work on the risk register.

The £16,473 surplus on the vehicle licensing service will be transferred to an earmarked reserve.

81A4 TECHNICAL AND AGENDA 21 (101,281)

The FRS 17 recharge to this unit was £2,952 less than the estimate (see para 2.3 above).

Expenditure on software and equipment maintenance was less than the estimate.

Support service recharges were less than the estimate.

A £50,000 Revenue Contribution to Capital Outlay (RCCO) will be paid from this unit in respect of the Warm Up Exeter project. This is funded by the Climate Change Levy on car parking expenditure. This funding has also been used to fund various revenue projects, and £15,703 will be transferred to an earmarked reserve to enable ongoing projects to be completed.

81A5 WATERWAYS & COUNTRYSIDE 115,117

Capital charges in this service were £1,209 less than the estimate, and the FRS 17 recharge was £6,026 less than the estimate (see para 2.3 and 2.4 above). The recharge from the Asset Improvement and Maintenance Scheme (AIMS) was £41,088 less than the estimate.

The cost of work towards the new harbour authority exceeded the estimate by £90,066; these additional costs are to be funded from general reserves as approved by Executive in June 2003.

Staff costs in Countryside Services exceeded the estimate due in part to the extension of a post within the section. This overspend was approved by Executive in September 2008 as part of the Leisure and Museums restructure. Additional staffing costs also arose as a result of long-term sickness.

The cost of utilities and the management fee to Exeter Canal and Quay Trust exceeded the estimate.

Boat, buoy and fleet maintenance costs exceeded the estimate, partly in respect of expenditure on pontoon equipment.

Income received from canal licences and boat storage charges exceeded the estimate.

81A6 GROUNDS MAINTENANCE

90,187

Capital charges in this service were £2,467 more than the estimate, and the FRS 17 recharge was £17,899 less than the estimate (see para 2.3 and 2.4 above). The recharge from AIMS was £48,393 more than the estimate.

Expenditure in respect of the tree management programme exceeded the estimate; this will be partially funded from an earmarked reserve.

There has been a restructure affecting this service and Cemeteries & Crematorium (81B2), which resulted in additional costs in this unit and a corresponding saving in 81B2.

Vacancies have led to a reduction in non-operational staff costs compared with the estimate.

A refund of National Non-Domestic Rates (NNDR) was received resulting in a saving.

Expenditure on utilities, especially water, exceeded the estimate.

Expenditure on unadopted land and dealing with travellers was less than the estimate.

The recharge from Cleansing Services was less than the estimate. Support Service recharges exceeded the estimate.

Income from sports and events was less than the estimate.

Operational outturn (see trading accounts attached):

- The restructure of this unit and Bereavement Services resulted in additional costs in the operational accounts (see 81B2)
- As previously reported, this service was adversely affected by the weather conditions in the summer of 2008, resulting in higher costs.
- Additional costs arose in respect of running and maintaining vehicles and plant.
- Long term sickness resulted in higher levels of non productive time than the estimate.

81A7 MUSEUMS SERVICE

(21,307)

Capital charges in this service were £58,137 more than the estimate, and the FRS 17 recharge was £10,340 less than the estimate (see para 2.3 and 2.4 above). The recharge from AIMS was £5,581 more than the estimate.

Staff costs are less than the estimates as a result of vacancies in this service.

Utility costs at the Royal Albert Memorial Museum and the Museum Store exceeded the estimate; in addition, costs in respect of trade refuse and other maintenance costs at the Royal Albert Memorial Museum have been incurred. This has been offset by a saving on utility costs at Rougemont House and St Nicholas Priory.

NNDR in respect of the Royal Albert Memorial Museum and the new

museum store were less than estimated. In addition an NNDR refund has been received in respect of the RAMM due to a rates revaluation for a period prior to the museum closing for redevelopment

Expenditure on marketing, printing, stationery and event promotion were less than the estimate; this has been partially offset by additional expenditure on exhibitions exceeding the budget

Fleet maintenance costs exceed the estimate

There has been a reduction in income from a non-operational property and from day admissions

81A8 CONTRACTED SPORTS FACILITIES 88,620

Capital charges in this service were £71,660 more than the estimate (see para 2.4 above). The recharge from AIMS was £12,979 less than the estimate.

Expenditure has been incurred in respect of backdated utility charges for the contracted sports facilities as required in the Leisure Management Contract, this additional expenditure will be funded from an earmarked reserve

A refund of NNDR has been received reducing the net cost from the original estimate.

Trade refuse charges exceeded the estimate.

81A9 OTHER SPORTS FACILITIES (11,708)

The FRS 17 recharge in this unit was £3,088 less than the estimate (see para 2.3 above). The recharge from AIMS was £9,928 more than the estimate.

Savings have arisen on the maintenance and NNDR estimates at Clifton Hill Driving Range, this has been partially offset by a reduction in rental income from the site as per the new lease agreement.

Additional income has arisen as a result of profit sharing at the Isca Centre.

81B2 CEMETERIES & CREMATORIUM (21,253)

Capital charges in this service were £5,040 less than the estimate, and the FRS 17 recharge was £6,285 less than the estimate (see para 2.3 and 2.4 above). The recharge from AIMS was £950 more than the estimate.

There has been a restructure affecting this service and Grounds Maintenance (81A6), which has resulted in a saving in this unit and corresponding additional costs in 81A6.

Income from burials was less than the estimate, but this was substantially offset by increased income from headstone fees and from the Gardens of Remembrance

A £19,995 RCCO will be paid from this unit in respect of the purchase of a gravedigger.

81B3 PROPERTIES (12,022)

Capital charges in this service were £2,429 more than the estimate (see para 2.4 above). The recharge from AIMS was £6,884 more than the estimate.

Additional net income arose in this service.

81B5 COMMUNITY OUTREACH 27,360

Capital charges in this service were £399 more than the estimate, and the FRS 17 recharge was £6,051 less than the estimate (see para 2.3 and 2.4 above). The recharge from AIMS was £1,115 less than the estimate.

Redundancy costs have arisen in this service. A saving has arisen on staffing costs due to a vacant post.

Income from the Scrapstore exceeded the estimate; this increased income is offset by an overspend on the marketing and events estimates within the management unit.

Expenditure in respect of display expenses, marketing, publications and leaflets have exceeded the estimate; this expenditure has been offset by savings on the equipment tools and materials and the coaching programme and events estimates.

Additional costs arose in respect of the Splash Scheme, which will be partly funded from an earmarked reserve. The additional costs in respect of the Leisure and Museums restructuring have also been included.

Costs in respect of fleet maintenance and additional hire vehicles have exceeded the budget

81B6 RECYCLING (193,763)

Capital charges in this service were £18,043 less than the estimate, and the FRS 17 recharge was £8,512 less than the estimate (see para 2.3 and 2.4 above). The recharge from AIMS was £57,800 less than the estimate.

A saving arose on staffing costs due to vacant posts during the year.

Additional income arose from a Performance Reward Grant.

Operational outturn (see trading accounts attached):

- Income from the sale of recycled materials exceeded the estimates.
- Expenditure on maintaining the plant was less than the estimate.

81B9 ADMINISTRATION SERVICE (3,000)

The FRS 17 recharge was £6,670 less than the estimate (see para 2.3 above).

Savings in staffing costs were expected to arise as a result of the introduction of the new corporate financial system, and a target saving was incorporated into the estimate for this service. However, the staffing reductions anticipated have not yet been fully realised as a result of some initial problems with the system, and the saving was therefore less than

originally expected.

Savings arose in respect of Liability Insurance, training and support services.

Costs of a software licence were less than the estimate.

The cost of this unit is fully recharged to other services.

81C1 HOME AID

(992)

Fee income in respect of disabled facility and renovation grant work undertaken by the DCHA Care and repair team is exceeded the estimate. The fee income is due to ECC as part of the Devon wide Home Improvement Agency contract.

81C2 ADVISORY SERVICES

194,891

Capital charges in this service were £2,414 more than the estimate, and the FRS 17 recharge was £9,332 less than the estimate (see para 2.3 and 2.4 above).

Income from benefits exceeded the estimates, but was offset by increased costs of bed and breakfast accommodation. An additional contracted property will mean that the serviced temporary accommodation estimate will be exceeded; this additional property is expected to reduce the use of bed and breakfast accommodation in the long term.

Partner contributions and a grant from the Department for Communities and Local Government has funded the expenditure incurred in respect of the Devon Wide Home Choice Scheme

Expenditure on handing back private sector leased properties and void repairs to private sector leased properties have exceeded the estimate; this additional expenditure has been offset by a saving on reactive repairs to the properties. A proportional of the additional expenditure will have been recovered from tenants where applicable.

Costs have been incurred in respect of utilities, cleaning and trade refuse at various leased properties

Additional expenditure on agency staff and staff training has arisen, which is partly offset by savings from vacant posts.

Expenditure was incurred in respect of the Private Sector Housing Options scheme. This scheme offers incentives and grants to private sector landlords to encourage them to let homes to Council nominees; it also offers incentives to promote lodging schemes and the use of empty homes in the private sector. The additional expenditure in relation to this scheme is being funded by the transfer of a commuted sum from the capital programme.

81C3 HOUSING PARTNERSHIP

(1,051,772)

Capital charges in this service were £1,066,277 less than the estimate, and the FRS 17 recharge was £5,770 less than the estimate (see para 2.3 and 2.4 above).

Additional expenditure was incurred due to the implementation of the

Registered Social Landlord downsizing scheme; this expenditure will be funded from the transfer of a commuted sum from the capital programme.

Agency staffing costs in respect of the Extralet scheme exceeded the estimate; staff training costs have exceeded the budget, the additional costs have been offset by savings on advertising, printing, stationery and telephone budgets

Repairs to properties in the Extralet scheme have exceeded the budget; some of costs in respect of the repairs have been recovered from tenants where applicable.

Costs in respect of the Empty Homes Initiative are less than the budget; the underspend will be transferred to the earmarked reserve for the initiative.

Expenditure in respect of the Housing Market Assessment Survey has been incurred; this expenditure will be funded from an earmarked reserve.

81C4 PRIVATE SECTOR HOUSING (143,665)

Capital charges in this service were £146,654 less than the estimate, and the FRS 17 recharge was £2,426 less than the estimate (see para 2.3 and 2.4 above).

Savings have arisen in respect of staffing and administrative costs.

Additional costs arose in respect of a property that was boarded up.

De minimus grant repayments are no longer credited to this unit following a change in accountancy practice, thus increasing the net cost of this service.

A surplus arose from hosting a course.

81C6 CONTRACTS AND DIRECT SERVICES 25,411

Capital charges in this service were £3,409 more than the estimate, and the FRS 17 recharge was £21,773 less than the estimate (see para 2.3 and 2.4 above).

The cost of this unit is fully recharged to other services apart from late adjustments to the Contracts Unit and the Building & Electrical Service Team trading accounts which have not been recharged.

2008-2009 FINAL OUTTURN 16,115,197

TRANSFERS TO / (FROM) RESERVES (206,415)

REVENUE CONTRIBUTIONS TO CAPITAL 69,995

TOTAL NET EXPENDITURE 15,978,777

3. RECOMMENDED

That Scrutiny Committee – Community note this report.

DIRECTOR OF COMMUNITY
AND ENVIRONMENT

HEAD OF TREASURY SERVICES

S:PA/LP/Committee/609SCC12
21.5.09

**COMMUNITY AND ENVIRONMENT DIRECTORATE
CORPORATE SERVICES DIRECTORATE**

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report

None